## DO YOU PAY TAXES? DO YOU PAY TOO MUCH? DO YOU PAY TOO LITTLE?

Prints Below the Entire Congressional Report on Assessment and Taxation:

TABLE 5.—Comparison of full-value ratios provement values,	of		same	nt r	ation
- man			al.		in il.
	Section.	Land.	Imp.	Land.	Imp.
Small-home areas	1	46.7	52.3	56.7	43.
Mose-class areas	3 4	54.5 43.2 33.0 37.8	45.5 56.8 67.0 62.2	57.2 63.3 38.7	46.
Fine-Pesidence areas		44.5	55.5	57.2	42.
	7 8 9	88.7 66.2 65.5 66.2 72.8	37.1 16.3 33.8 34.5 33.8 27.2	94.0 87.0 87.7 89.8 90.5	6. 13. 12. 10. 9.
against, to the injurindustries, of home or payers, the discrim favor of the mere he as holders of land, a growth of the commay be their activity ness in other capacitic	sh se a se us wr in old did m	ssme sha lar and of of ners, atio er of no unit;	cleanents, re of section bof la thingy, vublic	gro the shation iminabulic lof eing nd v g to whate	tax are im- ated ding rent who the evel
Tables 6, 7, 8, and 9 a taxation based upo value assessment, the materially lightened and placed equitably	n b	a f urde n it	ull a ns v	voule vem	true d be ent

values which spring from the activities and operations of the Federal Government and of the community, and not from any fact of private ownership of the fee in land. TABLE 6.-Real estate taxes for 1911-12.

 
 Small-home areas.
 Land.
 Imp.
 Total.

 Middle-class areas.
 283,961
 486,833
 756,794

 Fine-residence area.
 41,859
 550,860
 992,719

 Rusiness area.
 738,174
 449,114
 1,187,288

 Suburban area.
 379,477
 141,436
 520,913

 Total
 2544,727
 240,118
 520,913
 2,544,727 2,410,110 4.954,837 TABLE 7 .- Apportionment of full-value tax-

	Fround.	Improve- ments.	Total.
Small-home areas \$	179, 173	\$593,976	\$1,373,149
	378,614	437,914	816,528
Fine-residence			
areas	981,910	734, 480	1,716,390
Business areas1	,640,386	499,016	2,139,402
Suburban areas1,	264,925	133,219	1,398,144
Total	.045,008	2,398,605	7.443,613
2	,544,727	2,410,110	4,954,837

Increase or de- crease*2,500,281	-11,505	*2,488,776
\$1 per \$100 at full value is	equivale	nt to the
present rate of \$1.50 per	hundred	on two-
thirds valuation.		
TABLE 8.—Present tax as compared.		alue tax
(*Increase: -dec	reaso.)	
N	Improve	
Ground.	ments.	Total.
Small-home areas:	\$501,567	\$1,503,123
Present tax \$701,256 Full-value tax 779,173	593,976	1,373,14
Fun-value tax 115,115	000,010	.,,.
Increase or de-		
crease	-207,891	-129,97
Middle-class areas:		
Present tax 283,961	466,833	750,79
Pull-value tax 378,614	437,914	816,52
Increase or de-		=1
crease *94,653	-28,919	*65,73
Fine-residence areas:		
Present tax 441.859	550,890	992,71
Full-value tax 981,910	734,480	1,716,39
Increase or de-		
crease	•183,620	*723,67
Business area:	410.111	1 100 000
Present tax 738,174 Full-value tax 1,640,386	499,016	1,187,28 2,139,40
Pull-Value 58.x1,040,300	499,016	2,109,49
Increase or de-		
crease *902,212	*49,902	*962,114
Suburban areas:		
Present tax 379,477	141,436	520,91
Full-value tax 1,264,925	133,219	1,328,14
Increase or de-	250,3472	louge-wes
crease *855,448	-8,217	•877,23
Total present tax 2,544,727 Tot. full-value tax.5,045,008	2,410,110 2,398,605	4,954,537 7,443,613
Total increase or		

	Year.	Land.	ments.	Per et.	ments.	Perot
	1890 1895 1894 1897 1900 1903 1906	198,772,672 112,830,383 104,719,903 98,836,663 119,088,238 186,843,419 151,413,862	\$60,901,600 78,862,367 78,587,421 75,656,925 77,780,885 89,451,198 102,618,566 126,176,892	56 77 59 58 56 87 57	14 27 41 42 44 43 46	12 46 18 16 12 14 14
	1912	169,648,481	169,674,006 4 169,674,006	51.3	61.01	2.6
ł	1912-13	1 Estimat		90.00	02,01	02
-	Increase 1894 to 1912: Land Increase, per cent Improvements Increase, per cent			*******	******	56,818,098 51 82,086,583 104
	A recently published state District assessor indicates \$9,000,000 for new buildings added to improvement value. This wipes out the present places improvements above ments for the first time in years, since the inadequate	that over are to be s for 1912-13. margin and land assess- over twenty	e house the e assessmen lling price ,975 are gi- ree classes of nds have bee ch of which	t. Hous from \$6 ven. Ti homes, n built i	es ran 5,500 d nese re of which n recen	ging in own to epresent ch thou- it years

years, since the inadequate assessments of 1889 (pp. 42-44). The land assessments will be reduced by the value of the condemned areas north of the Capitol by certain street extensions, school sites, and church site withdrawals, whereby land assessments are apt to fall below \$169,000,000, and improvement assessments will pass the \$170,000,000 mark from the addition of new buildings.

Table No. 12 compares the ratios of land value and improvement assessments and the true value ratios in the District of Columbia with the assessments in the four cities of New York, Boston. Pittsburgh, and Houston, where sclentific systems of assessment have been built in recent years, each of which is overassessed in direct gradation, according to price the gradation, according to price. The \$5,500 home is assessed at 73 per cent of its net cost, the \$5,000 home at 76 per cent of its net cost. The assessments in each instance show a total disregard of the spirit of the law, which calls for a separate assessment of ground and buildings at the true value of each, and a total disregard of the fundamental principle of scientific assessment, which declares that improvements shall be assessed at the cost of construction. The net cost is the true value of each with the assessments are apt to fall below at 76 per cent of its net cost, the \$5,000 home at 76 per cent of its net cost. The assessments in each instance and the true value of the law, which calls for a separate assessment of ground and buildings at the true value of each, and a total disregard of the spirit of the law, which calls for a separate assessment of ground and buildings at the true value of each and a total disregard of the fundamental principle of scientific assessment, which declares that improvements shall be assessed at the cost of construction. The net cost is the true value of each and a total disregard of the spirit of the law, which calls for a separate assessment of ground and buildings at the true value of each and a total disregard of the cost.

TABLE 15.- Home-area Assessments and Values.
Row of Houses on Fourteenth Street,
Near Buchanan.

Cost.

Overnssessed ......

Land: Underassessed ...

Total: Overassessed .... Per cent

Per

...1,624 feet \$0.40 \$650 \$2,000 \$2,650

on a 3

Improv ments.

Land.

Land assessment to true value, 43 per cent, improvement assessment to true value, 86 per cent total assessment, 73 per cent of net cost, 56 per cent of selling price.

Seventeen Houses on Parkwood Place N.

Improve-

Land Improve- differ-

TABLE 12-Assessments of Land V	alues and I	improvement Valu	108.	
TABLE 12-Assessments of 12-15		Improve-	In	prove-
	Land.	ments.	Per ct. 1	
Greater New York	4,555,925,277	\$2,655,400,492	63	37
Greater New York	685, 483, 800	461,179,600	60	40
Boston		249,873,137	57	40 33
Pitisburgh		13, 263, 729		
Houston, Tex. 1 True value		53,054,880	61	39
		**********	62.75	37.25.
Average	169,648,481	169,674,096	51.3	48.7
District of Columbia.  District of Columbia, full values	504,500,865	239,880,542	67.8	32.2
<sup>1</sup> Houston assesses land at 70 per cent at	nd improvem	ents at 25 per cen	t of true	value.

ratio of the District of Columbia shown profits which may be legitimately du by the present assessment and supports the ratio shown on the basis of the full to the heavy expenses of promotion, financing, and carrying. Those are elements which do not enter upon the value of the property, and should be disregarded, as every sound authority holds, in the matter of the public expenses.

values.
Table No. 13 shows how the records were manipulated to increase by \$12.148,532 the assessments on the small homes and reducing by that amount the \$30,000,000 increase in the triennial assessment of ground values forecasted by Assessor Richards in his report for 1910. Ground values for 1911-12 should have shown in the neighborhood of \$181,500,000, instead of \$169,648,481.

TABLE 12.—Increase of assessments on TABLE 13.—Increase of assessments on old buildings.

old bulldings.	
Building permits (including machinery, etc.):	
1909	\$14,785,059
1910	16,431 948
1911	14,698,034
Assessments on improvements	125 176 892
Increases for new build	Tan't ta'ta'
ings and repairs	8,264,918
Increases for new build ings and repairs	-
1911	142,441,526
New buildings, repairs, and increases	
1912	160,674,006
Increase of improvement ass	essments
in 1910 over 1909 represent 56 pe	er cent of
the amount of building permit	of 1909.
Increase of improvement as	sessments
in 1911 over 1910 represent 54	per cent
of the amount of building pe	ermits of
1910.	
It follows that an average	ratio for

ratio for	It follows that an average	19
of 55 per	the building permits of 1911	90
new im-	cent will represent the legiti	-
VB:	provements for 1912, as follow	71
	New buildings and repairs,	58
2,000,00	Reductions in triennial assess- ments on improvements, es- timated	02
6,083,915	Net increase	14
160,674,006	1911-12 assessment on improve- ments	13
	1910-11 assessment on improvements	-
18.232,480	Difference	31
6,083,918	Less net increase	37
12,148,563	Increase on old build- ings in 1909	76

Elimination of buildings in squares

south of Pennsylvania avenue of

\$447,100 more than offsets all in-

Therefore the net increase on im-

provements in 1912 falls entirely on

the 40,000 small homes, an average

Table 14 shows the assessment

ratios of land to improvements in

four business squares and four resi-

dence squares, to demonstrate that

taxation of improvements falls more

heavily on residence sections than on

per house of \$300.

creases on large buildings in 1912.

· \*2,600,281 —11,505 \*2,488,776 -Comparison of Percentages of Taxes Borne by Each Category of Property Under the Present Assessment and Under a Full-Value Taxation.

Ass	essed v	alue.			Full v	alue.		
Land	i. Imp.	Total.	Land.	Ch'ge.	Imp.	Chige.	Total.	Ch'ge
Small-home area	16.1	30.1	10.5	-3.5	8.0	-8.1	18.5	-11.6
Middle-class area 6.8	9.3	15.1	5.0	8	F. 9	- 3.4	10.9	4.2
Fine-residence area 9.0	11.2	26.2	13.3	+ 4.3	9.8	-1.4	23.1	+ 2.9
Business area14.9	9.1	24.0	22.0	+ 7.1	6.7	- 2.4	28.7	+ 4.7
Suburban area 7.6	3.0	10.6	17.0	+ 9.4	1.8	-1.2	18.8	+ 8.3
	•		-	-	-		-	
Total	48.7	100.0	67.8	+16.5	32.2	-16.5	100,0	0

same amount of taxes to be raised under a full-value taxation as at esent. If the present rate of \$1.50 on two-thirds valuation, which equals \$1 a full valuation, be used the amount related by the realty tax would be increased 50 per cent, but its distribution under full-value taxation, as set forth in the above table, is of the same percentage for any rate.

These four tables reveal the fact that while under the present assessment land values bear 51.3 per cent and improvement values 48.7 per cent of the taxes. under a true valuation and assessment land would bear as its proper share of the realty tax 67.8 per cent, while improvements would bear but 32.2 per cent. In this change improvements, present and prospective, in all sections of the District, without exception, will be materially benefited and the benefit will extend to every class in the community except the land spec-ulating class, who aim to derive an advanture and a profit not from their own exertions, but from the necessities of the community. This means that 95 per cent of the community are injured the present unfair and unbusinesslike assessment, and correspondingly, t be per cent of the community will given the benefit to which they are en titled by a change to the fair, true, and scientific assessment proposed. Tables Nos. 10 and 11 give the ratios between the assessment of land and improvement values at different triennial periods since 1890, showing the steady lessening of the preponderance of

ground-value assessments to their pres-

ent point of disappearance.	
Tible 10-Ratio of assessment values to improvements at period.	of land triennial
"Tom L. Johnson assessment" of 1893.	
Landf	\$198,772,672
Revision of 1894	
Land	112,830,383
Reduction-43 per cent	85,942,289
"Tom L. Johnson assessment" of 1893.	
Improvements	73.862,367
Improvements	78,587,421
Increase-6.4 per cent	4,725,054

RATIO LAND TO IMPROVEMENTS

assessment ..

The ratios of assessments to true values as given in the several tabulations are conservatively within the mark. Three tables are presented, based on figures taken from the books of a prominent Washington builder, showing cost of land, cost of construction, and selling price of three rows of houses, erected shortly prior to the triennial assessment. The figures thus obtained are compared with

Land:
Overassceaed
Per cent
Improvements
Overassceaed
Per cent business sections, and therefore that the present system is against the home section where values are stationary and in favor of the business section where values rise with great rapidity, and improvements are a minor factor. TABLE 14 .- Assessments

Fourteenth, Fifteenth, F, and G, N, W.
Thirteenth, Fourteenth, F, and G, N, W.
Twelfth, Thirteenth, F, and G, N, W.
Ninth, Tenth, Pennsylvania Avenue, and D N. W. IN RESIDENCE SQUARES. 466, Sixth. Seventh, E. and F. S. W. 858, Sixth. Seventh, D. and H. N. E. 835, Fifth. Sixth, E. and F. N. E. 3854, Thirteenth, Fourteenth, Harvard and Cojumbia, N.W. The ratios of assessments to true

cent; improvement assessment to true value, 72 per cent; total assessment, 80 per cent of net cost, 67 per cent of selling price. rows of houses, erected shortly prior to the triennial assessment. The figures thus obtained are compared with the assessment. A correct assessment west on the other. The tabulation of assessments and list prices in the northwest of construction cost and using the selling. assessing improvements at two-thirds of construction cost and using the net cost of the property, instead of its selling price, as the basis for the total assessment. Thus a basis is established for determining the amount and percentage of underassessment or overassessment in land, improvements, and total. As asual, the better occurrence of the property as well ments, and total. As asual, the better occurrence of the information that the evidenced by permits issued by the discounts that prices may be subject to discounts that the trick building inspector's office, maintained a high and increasing level to the month of May. From then on it has been tending downward, not only each month successively, but in comparison with the corresponding months of last year. This is the poorest summents, and total. As asual, the better

TABLE 11-Ratio of Land Value Assessments to Improvement Assessments at Triennial Periods. prices represent conservative valuations which will soon be passed by coming advances throughout that area. TABLE 16.-Assessments of middle-class Testimony of Mr. Harold E. Doyle, pp.252-269. Sold or offered at-\$6,700 \$6,000 \$5,500 4,700 7,500 6,385 17,000 15,408 22,562 Correct assessment ..... Overassessed (24 per cent)..... TABLE 17-Land Assessments in Fine-Resi-(Testimony of Mr. Harold E. Doyle.) Boardman house

Boardman house
Wadsworth house
Larz Anderson house
Edson-Bradley house
Scott-Townsend house
Large Townsender

Lots 7, 8, 2, square 2512 Lots 7, 8, 9, square 2512.. 3.00

> Lowering the High Cost of Living. Thus it is seen from the foregoing sections that if real estate were taxed at the same rate of 1 per cent on its true value, the 40,000 small homes of the District would pay less taxes than they are now paying on what is sup-

they are now paying on what is supposedly two-thirds value, while the mildle-class homes would pay no more, the business and fine-residence areas would pay appreciably more, and the suburban area would pay very considerably more. The burden would be lessened on improvements and increased on ground values. This would be merely harmonizing the spirit and letter of the law and at the same time would bring a heavy increase of revenue into the District treasury.

Tom L. Johnson Prophecy In 1892.

Twenty years ago a select committee of the House, appointed to inquire into the assessment and taxation of real estate in the District of Columbia, and known as the Johnson Committee, said

known as the Johnson Committee, said in its report (p. 9, H. liept. No. 169, 52d) Cong., 1st sess.);

"Already the effect of the growth and improvement of the Federal District, has been, by the increase of land values, to give hundreds of millions to the fortunate few, but to increase the cost of living to such a degree as to make it a serious question with many of the officers and employes of the National Government who are called on to live here, and if this tendency continues not only will the salaries paid to employes of the United States soon become ployes of the United States soon become entirely inadequate to the scale of liv-ing for which they were intended, but the Capital of the American Republic must ere long present such a contrast between luxurious idleness and poverty-stricken workers as can be exceeded in no capital of confessedly aristocratic

Cancer Spots In Washington.

If this could properly be stated of conditions in the District of Columbia 20 years ago, how much more strongly could the case be presented today. President Gompers said before your

..... 2,187 \$0.30 \$656 \$3,000 \$3,666 Assessed ..... 2,187 30.30 \$658 \$3,000 \$3,656 Correct as-sesment .... 2,187 .47 1,000 2,232 3,333

contain 3,148 dwelling houses, and eximately 16,000 inhabitants approximately The two startling facts, which should years ago have swept these alleys out of existence, are, first, that one out of every three children born in these by-ways dies within the first year of life; second, that these houses with their disease and crime fill the center of many blocks rimmed with splendid houses and hotels (p. 441). No profound study of the laws gov

erning the incidence of taxation is re-quired to see how equalizing assess-ments on real estate will lessen the dire poverty and congestion of the alley slums while reducing the high cost of living to the greater part of the popu

As Assessor Richards (pp. 216-217), Mr. Charles C. Glover (pp. 234-235), and others have attested before your committee, lessening taxation on improve-ments tends to encourage improvements, while increasing taxation on ground val-ues tends to force idle land into use, and thus lower the price. With build-ings cheaper and land cheaper, and the consequent lowering of rents, the great mass of the population of this District would indeed be benefited, without lessening the return on active capital.

Concentrated Holdings.

Assessor Richards in his testimony as serted that there was a much larger proportion of owners to pieces of property in the District of Columbia than elsewhere (p. 41). But the table of exhibits he turnished contradicts his contention. Washington has 3.6 parcels to each taxpayer. Philadelphia 1.3 parcels to each taxpayer. Boston 1.4 parcels to each taxpayer, Rochester, N. Y., 1.09 parcels to each taxpayer. As a matter of fact, Washington makes the worst showing among the cities presented in the assessor's table, the one most nearly approaching it being New Orleans, where the proportion is 3.96 parcels to 1.624 feet .25 400 1,840 2,240 each taxpayer.

The concentration of holdings of land in the District of Columbia has main-tained pace with the growth of the city, Overassessed 5169
Per cent 5
Total:

Overassessed 5414
Per cent 18
Land assessment to true value, 199 per the great suburban unimproved area has encouraged the maintenance of large unbroken holdings and the asking of such prices for land as to discourage home building and owning. What activity has occurred in this latter regard has been in spite of land speculation, not withstanding the splendid assistance toward home owning resulting from the beneficial activities of several large and well-managed building and loan associations. The gross underassessment of the great suburban unimproved area has encouraged the maintenance of large unbroken holdings and the asking of such prices for land as to discourage home building and owning. What activity has occurred in this latter regard has been in spite of land speculation, not because of any alleged help notwithstanding the splendid assistance lation, not because of any alleged help from it. The speculative builder is a builder rather than a land speculator; a producer rather than an appropriator His active producing powers are asso-ciated with the speculative price of land. But the land speculator per se is not a producer at all. He merely appropriates what others produce. He is not active: he is passive. He merely waits until the necessities of others in the community compel them to pay the owner price for permission to use a natural element which neither he nor any other man produced, but which was created by the Creator of the Universe.

Checked Building Activity. The gross overassessment and burden upon improvements have proved a serious handicap to the home owner and rent payer and to the building industry and the vast ramification of activities that wait upon them. Already the blow has fallen (p. 439). Building activity, as evidenced by permits issued by the Dis-

ton has experienced in a number of years.

On the other hand, your committee may very properly quoie from a communication from Hon, J. J. Pastoriza, tax commissioner of Houston, Tex., as to the effect in that city of the partial expensions.

The use of proper forms triennial assessment was probably carments of 95 per cent of building to a mere clerical function.

ton has experienced in a number of years.

On the other hand, your committee may very properly quote from a communication from Hon, J. J. Pastoriza, tax commissioner of Houston, Tex. as to the effect in that city of the partial exemption of improvements from taxation. Mr. Pastoriza writes (p. 440:

"The effect resulting from the partial exemption from taxation of personal property and improvements upon land in Houston has been magical."

"In the first six months of 1912 there were 219 more buildings erected than in the first six months of 1911, and the value of these buildings erected in 1912 amounted to three times the value of the buildings erected in 1912 amounted to three times the value of the buildings erected in 1911, which goes to show that the partial exemption of improvements. " " from taxation has had the effect of simulating the building industry. It also has had the effect of increasing the number of land sales without depreciating the price of land. So that it appears that the assessment of land at 70 cents on the dollar sales without depreciating the price of land. So that it appears that the assessment of land at 70 cents on the dollar of its full value and taxing it for city purposes at the rate of \$15 per thousand, with an addition of the State tax of \$8.60 per thousand, or a total of \$23.60 per thousand valuation, will not lower the selling price of land, but will stimulate its sale at an advanced price. This makes a tax rate of 2.25 per cent on a 70 per cent valuation of land and a 25 per cent valuation of improvements. GENERAL NOTES ON TESTIMONY.

> full valuation of land and a tax of \$6.57 on a full valuation of improvements. "In 1911 the assessment of land values in 1911 the assessment of land values in Houston was increased 25 per cent over the former assessment. At the beginning of 1912 land values were equalized, and all land was assessed at 70 per cent of its fair selling value.
>
> \* \* Buildings and other improvements upon land and the machinery of manufacturers were assessed at 25 per cent of their values. In fact, there was more done to relieve industry from taxation in Houston during 1912 than has been done in any other city in the United States up to date."

per cent valuation of improvements.
This is convalent to a tax of \$15.61 on a

Du Pont and Pinchot Properties. One interesting incident of the vagaries of assessment in the fashionable aries of assessment in the fashionable neighborhod is uncovered in the assessment on the house owned by Senator du Pont on the north side of Massachusetts avenue, between Seventeenth and Eighteenth streets (p. 188). The assessment on this house, one of the most notable in the northwest, was raised from \$55,000 in the assessment of 1916-12. It was formerly the property of the late was formerly the property of the late Beriah Wilkins, editor and proprietor of the Washington Post. It is very moderately assessed now. It was gross-ly underassessed in 1908-9. The ground was and still is assessed at \$2 per foot, and that on fashionable Massachusetts and that on fashionable massachusetts avenue, where \$7, \$8, and \$10 per foot is the current price. For comparison, a lot at the corner of Tenth and L streets northwest, in a deteriorated neighborhood, surrounded by antiquated and shabby improvements, is assessed at \$2.25 per foot.

The correspondence with Hon, Gifford Physics (25,545), discovers the fact

Pinchot (p. 455-456) discovers the fact that his magnificent home at Rhode Island avenue and Scott Circle is un-derassessed some \$44,000, the assessment on both ground and improvements being about 50 per cent of a conservative valuation of the property. Mr. Pinchot's public spirit in voluntarily obtaining a competent estimate of the value of his property and furnishing it to your committee is worthy of the highest commendation.

President Gompers sand committee:

"There are women and children in the District of Columbia to whom \$3 or \$5 or \$10 means \* \* \* in many cases the difference between having a piece of meat at a meal once or twice a week, or meat at a meal once or twice a week, or meat at a meal once or two of the youngsters shoes for one or two of the youngsters for a vear (n. 388)."

The housing committee of the publicable of the publicab in comfort, and the worse plight of his neighbors, less well situated than himself, but equally oppressed by the increased assessments. One of these was a widow and one a cripple. "Every year," said Mr. Carey, "we spend about 50 cents each for paint. We paint all the woodwork and iron porches of our houses. In the front we have little hedges. I have a little evergreen hedge. It was given to me by some friends. The painting and the hedges make the place attractive. We make it a point to make our homes as make it a point to make our homes as attractive as possible. The only im-provement on which the Assessor could raise the assessment on our propert was the painting and the green hedges.

> "Wagon Judgment." As showing the way assessoria

'wagon judgment' worked in increasing the assessment in square after square of the small homes for the 1911-12- triennial period, the following extract from the evidence may be offered (pp. 145-146), Mr. McKenzie, one of the assistant assessors being on the stand: assistant assessors being on the stand;
Mr. George—I am not raising any
question as to whether the assessment
now is not a true assessment. I am
assuming that it is a true assessment.
But my objection is that you have increased the assessment on these identical buildings 15 and 29 per cent, and
in the face of the fact that these buildings are worth presents it or are worth perhaps 15 or 20 per less than they were then (the eding triennial assessment). Mr. McKenzie-Yes; but not because we believe the improvements had enhanced in value, but simply to carry out the law that we shall assess them at two-thirds of their value. Mr. George-At the time of assess-

ment?
Mr. McKenzic-Yes.
Mr. George-And you base that what data? Mr. McKenzie-Our judgment.
Mr. George-Is there anything on the record that will show me or any Mem-

Congress why these changes were made?

Mr. McKenzie-No; because we went into the neighborhood-into the stree.'s and asked men, and got any kind of information that we could.

Mr. George-Is it a matter of judgment?

McKenzie-Yes, sir. George-And is there nothing to Mr. McKenzle-No.

Mr. George—If you have information ou cannot put that information down? Mr. McJenzie—No; because we are in the field—in the wagon.

Mr. George—Now, so far as this committee is concerned, it is a meromatter of judgment in regard to the assessors getting the true value?

Mr. McKenzie—That is our judgment in the matter. Now, sometimes we do make a note in the field book that this property sold for a certain amount y-just lead-pencil notes. I don' where to look for them now.

The Assessor Did Not Know. One of the squares in which the small

homes—not new, but old buildings— have been subjected to increased as-sessment is No. 497, between Four-and-a-half and Sixth and G and H streets southwest. The increase was 25 per cent. The testimony shows what the assessor had to say about that transac-

tion (pp. 147-148);
Mr. George—What do you say in respect to this square 497?
Mr. Richards—Sixty-six houses in spect to this square 4977

Mr. Richards—Sixty-six houses in
1908-9 were assessed at \$61,500. The same
improvements in 1911-12 were assessed
at \$83,000, or an increase of \$21,500. Mr. George-An increase of what per

Mr. George—This seems to be a huge Richards-Thirty-five per cent. ncrease? Mr. Richards—Yes. Mr. George—How do you account for

Mr. Richards—Well, I think the last triennial assessment was probably car-ried over and based on the one previous to that.

Mr. George—But who were the as-sessors at the last triennial assessment preceding this one?

Mr. Richards—The same men who are

Mr. Richards—I realize that there had been a great increase in the southwest section in some of the buildings, but I had not compared any particular square. Mr. George—Was your attention drawn to square 497?

Mr. Richards—Not to any particular square. My attention was drawn, however, to the fact that they had increased the buildings all over the southwest section.

Mr. George—Do you know of any other squares in this general section where the increase has been as much as 35 per cent in the assessment of old buildings?

Mr. Richards—I do not, because I

Mr. Richards—I do not, because I have not gone into comparisons in that

way.

Mr. George—Have you asked Mr. McKenzle or any other of the assistant
assessors whether there were any other
squares in the southwest section the assessment of which has been increased
as much as 35 per cent over the assess-

as much as 35 per cent over the assess-ment preceding?

Mr. Richards—It would have been im-possible for me to have asked any such question as that, because this has just been called to my attention, that there has been an increase in this particular square; but I was acquainted with the fact that there were increases all over

Mr. George—Are those fine, substantial, durable frame buildings?
Mr. Richards—No; they are all old.
Mr. George—Well, they are all pretty old buildings?

old buildings?

Mr. Richards—Yes; they are all what
we might call a cheap class of buildings.
Mr. George—The price of the houses in
the assessment of 1911-12 would indicate

buildings of that sort is very rapid?
Mr. Richards—Yes.

Guess and Guess Again.

"Our method of assessing buildings," testified the assessor, "is to arrive as nearly as possible at the cost of constructing such a building and allowing for a certain amount of depreciation for the time in which the building is assessed" (p. 67). When this assertion became the sub-

ject of inquiry in the examination, it was found to be practically without standing. The assessor's office was unable to furnish any tabulation of the standard of construction cost or any case in which the ex parte and inter-ested statement of an owner had bee-analyzed and sustained from an independent source.

Favoring the Willard Hotel. Moreover, when attempts were made

to apply a rule of construction cost to

In the case of the New Willard Hotel

any building in detail, the rule failed

(p. 131), the lowest possible construction cost of the superstructure was placed at \$1,500,000. The assessment on the superstructure was but \$700,000. Under the two-thirds rule the superstruc ture should have been assessed at not less than \$1,000,000, and the claim of the assessor that this magnificent, thoroughly maintained, and enormously proffable hotel should be allowed a 30 per cent reduction for deterioration, is without justification. Another notable instance is the case of the assessment on the Cairo apartment house (pp. 191-192). This building not buy it. The assessment on the image is assessed at \$202,000 on its superstructure. On that basis a cost is indicated and dollars will not pay for the stone of less than \$2 per square foot of floor wall space. This gives for this splendid and erty. notable property a rate of valuation as low as that of a cheap two-story brick house in the District of Columbia. The Cairo property pays handsome dividends on a valuation of \$1,000,000. It cost not less than \$750,000 to eract; and while it was built over twenty years ago, its cost in a period of cheaper material was so low and its architecture so far in advance of its period that it is today a thoroughly modern fireproof and wellmaintained property, whose superstruc maintained property, whose superstruc-ture should be assessed at not less than \$400,000, or twice the present assessment. The cubic-foot rule applied to the New Willard was 33 1-3 cents. A rule of 50 cents applied to the Hibbs building on Fifteenth street, brought out a basis of assessment below its cost, which was \$240,000. The New Willard is a more expensively constructed edifice than the Hibbs building. The advance in the cost of material since the New Willard was rected would justify an assessment at erected would justify an assessment at an advance of the reported cost, instead of 30 per cent below a grossly inade-quate estimate. The cost factor used by the board of assistant assessors on the Barber & Ross building (p. 119) at the corner of Eleventh and G streets nothwest which is merely an opennothwest, which is merely an open-spaced, well-constructed warehouse, is as high as the one used on the New Willard, an elaborately constructed modern hotel, and much above that

used on the Cairo. Working Against Small Improvements. When the small and middle-class houses came up for consideration, "cost and "selling price" was substituted, impossible of separation from the total selling price of land and improvements, and invariably working against improve-ments. The assessor was unable to see any difference between cost of construcion and selling price, nor any other way of handling the problem. As shown in Mr. Purdy's testimony (p. 297) and in the assessment of Cleve-land (p. 445), tables of construction cost in all classes of buildings, of deteriora-

Irregularity In Handling Appeals.

An illustration of the irregularity in seesors at the last triennial assessment preceding this one?

Mr. Richards—The same men who are the assessors now.

Mr. George—Name them, please.

Mr. Richards—Mr. Kalbfus, Mr. McKenzle, and Mr. Trimble.

Mr. George—Did they call your attention to this increase at the time?

Mr. Richards—No; that was made in the field.

Mr. George—Have you realized that the increase was 35 per cent?

Mr. Richards—I have not looked into that particular square. I knew that there were squares down there in which there had been donsiderable increase.

Mr. George—Did you know that there was any square in the whole of the District of Columbia where the increase was as much as 35 per cent this year over the last triennial assessment?

Mr. Richards—No. That would have required my adding up all the different squares and getting the squares of last year added up and comparing them.

Mr. George—But this is such a remark-table increase that it ought to have come to your attention, either because there have been some extraordinary changes there or because it involved some new method; or, if you please, a new guess and new judgment. Was your attention drawn to this 35 per cent of the sessment is marked throughout by hundreds of instances of peculiar transactions in connection with assessment is marked throughout by hundreds of instances of peculiar transactions of method which are inadequately explained by the general lack of system and confusion of method which assessor's oflead of the west 20 feet of lot 92, square 185, No.

1526 P Street NW. (pp. 54—56). This had been assessment at 1.50 per foot for the improvements, the west 20 feet of lot 92, square 185, No.

1526 P Street NW. (pp. 54—56). This had been assessment at the true value of the improvements, the sassessment is shown in the case of the improvements, \$4,000 for the improvements, \$5,000 and that he was willing to sell the property for that amount. This would have indicated that the true value of the ground was \$1.50 per foot and the site of the improvements, \$4,000 for the i the present handling of appeals is

marked throughout by hundreds of instances of peculiar transactions in connection with assessments and the revision of assessments, and which are inadequately explained by the general lack of system and confusion of method which was apparent at every step in the investigation of the assessor's office machinery.

Deterioration of Improvements.

It must be obvious that since the law requires a separate assessment on ground and improvements there can be no way of arriving at the value of the improvement separately from ground, save by first determining the cost of construction and then allowing such margin as a proper consideration of the elements of deterioration as may have had their effect. Every business man and real estate dealer knows that improvements begin to deteriorate from the date of occupancy. Under modern conditions, in handling real estate, a man might as well hope to sell a suit of clothes after he had worn it for the same price which he paid his tailor as to sell a modern house after it has been occupied several years at the price at

ment preceding?

Mr. Richards—It would have been impossible for me to have asked any such the purchased when new. There are buildings in Washington as that, because this has just been called to my attention, that there has been an increase in this particular square; but I was acquainted with the fact that there were increases all over the southwest section in regard to the buildings.

Mr. George—Now, what is the nature of the buildings on square 497?

Mr. Richards—Part of them frame, part of them brick.

Mr. George—What percentage of frame buildings, would you say?

Mr. Richards—About a third of them frame.

Mr. George—Are those fine, substanment in the assessment of ground values.

The Value of "Friendship."

A striking instance of the underassessment of large holdings is described by Mr. Herbert J. Browne, in the testimony (pp. 433-434):

There is no particular discrimination that they are very inferior, and, as a matter of truth, none of them is under five years old?

Mr. Richards—No; I think they are all

There is no particular discrimination in favor of individuals, save and except as those individuals represent a class. Mr. Richards—No; I think they are all old houses.

Mr. George—And the brick buildings?

Mr. Richards—They have been there a long time, most of them.

Mr. George—And the deterioration of buildings of that sort is very rapid?

The large acreage holdings are given the benefit of the greatest discrimination. Very small and fragmentary parciels of acres under the edges of the large holdings in a sense receive some benefit from "the drippings of the sancture." but yet they have been found. tuary." but yet they have been found to bear a higher rate per acre than their larger neighbors.

Perhaps the most striking instance of

underassessment may be found in connection with the property known as Friendship, owned by Mr. John R. Mc-Lean. proprietor of the Washington Post and former president of the Wash-

Lean, proprietor of the Washington Post and former president of the Washington Gas Light Co. Mr. McLean is one of the largest property owners and taxpayers in the District of Columbia. The holdings in Friendship consist of 76.92 acres, bounded on the east by Wisconsin Avenue and on the west by Arizona Avenue. Massachusetts Avenue (extended) nearly touches its southern border, and Idaho Avenue when extended will run diagonally through it. Separated from Cleveland Park only by Wisconsin Avenue and the car tracks, it is the most notable suburban estate in the District of Columbia.

On one side of the avenue Cleveland Park property is assessed at 20, 25, 30, and 35 cents per square foot, equivalent to assessments of from \$8,700 to \$15,250 per acre. These assessments do not exceed 40 per cent of the value of the property, which is held and sold at prices ranging from \$15,000 to \$40,000 an acre. There are 43,560 feet in an acre. In fact, choice lots in Cleveland Park are not to be had at \$1 per foot.

Make what allowance may be figured for the cost of laying macadamized roadways and sidewalks, which, however, usually find the major expense somewhere in the District budget, and then note that Mr. McLean's property, requiring practically no grading and lying on the better side of Wisconsin Avenue, is assessed at \$3,500 per acre. requiring practically no grading and ly-ing on the better side of Wisconsin Avenue, is assessed at \$3,500 per acre. Twenty thousand dollars per acre would

wall which runs in front of the prop-The Oueer Shoreham Case.

A striking instance, which in part illustrates this principle, occurred in connection with the assessment of the Shoreham Hotel property (pp. 177-184). The assessor testified before your committee that he learned of an offer of between \$800,000 and \$900,000 which had been made for this property. Without here questioning the advisability of assessing any property on the flimsy foundation of an offer not consummated in a sale, it may be stated the assessor increased the rate on the ground \$2 a foot, but increased the assessment on toot but increased the assessment on the hotel superstructure 25 years old 50 per cent—that is, from \$200,000 to \$300.-000. In the estimation of Mr. Stell-wagen who may supply wagen, who may surely be considered a leading authority on District real es-tate values, the Shoreham Hotel is an antiquated structure, which should be torn down to give place to a modern structure in harmony with the neigh-borhood. It is obvious that any and all increase in value in the Shoreham Hote property was an increase in the value of the ground and should have been so assessed. But to do that would have compelled a readjustment of the assessment in the entire square and in the adjacent squares. Had this been done those assessments would have yielder a large increase of revenue to the District and would have been in harmony with the notable advances in realty values which have occurred in that neighborhood. This instance derives peculiar of construction" was thrown overboard, significance from the fact that, as re and "selling price" was substituted, vealed by the assessor himself, the offer for the Shoreham property originated with Mr. John R. McLean, who owns rest of the property in that

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